

Message Text

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14

ACTION AGR-08

INFO OCT-01 EUR-12 ISO-00 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01

TRSE-00 USIA-06 PRS-01 SP-02 FEA-00 OMB-01 NSCE-00

SSO-00 USIE-00 INRE-00 OPIC-03 XMB-02 IO-11 /111 W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 714

INFO ALL EC CAPITALS IMMEDIATE 1806

LIMITED OFFICIAL USE EC BRUSSELS 02406

PASS AGRICULTURE AND STR

E.O. 11652: N/A

TAGS: EAGR, ETRD, EEC

SUBJECT: NON-FAT DRIED MILK MIXING REGULATION

REF: STATE 57607

1. FOLLOWING IS THE TEXT OF THE AIDE MEMOIRE LEFT BY AMBASSADOR
HINTON WITH COMMISSION VICE PRESIDENT SIMONET ON MARCH 10.

2. BEGIN TEXT:

THE US REGRETS THAT DESPITE REPEATED US OBJECTIONS, THE COMMUNITY
HAS DECIDED TO PUT INTO EFFECT SHORTLY A NON-FAT DRY MILK MIXING
REGULATION WHICH IMPAIRS OUR RIGHTS UNDER THE GENERAL AGREEMENT
ON TARIFFS AND TRADE.

THE MIXING REGULATION AND DEPOSIT REQUIREMENTS ARE INCONSISTENT
WITH THE EC'S OBLIGATION UNDER THE GENERAL AGREEMENT AND IMPAIR US
DUTY-FREE BINDINGS ON OILSEEDS, OILCAKE AND MEAL.

WE ARE DISAPPOINTED THAT IN TAKING THIS ACTION THE COMMUNITY HAS
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ONCE AGAIN FAILED TO ADDRESS THE BASIC PROBLEM AND INSTEAD

HAS SOUGHT TO SHIFT RESPONSIBILITY TO THE INTERNATIONAL TRADING COMMUNITY FOR HANDLING WHAT IS ESSENTIALLY A DOMESTIC SURPLUS PROBLEM.

THE COMMUNITY HAS NOT ANNOUNCED ACTION TO DEAL WITH THE BASIC CAUSES OF THE OVER-PRODUCTION OF NON-FAT DRY MILK. ON THE CONTRARY THE 7.5 PERCENT MILK PRICE INCREASE APPROVED BY THE COUNCIL WOULD, IN OUR VIEW, LEAD TO A SUBSTANTIAL WORSENING OF THE NON-FAT DRY MILK PROBLEM A YEAR FROM NOW. THE UNITED STATES ALSO NOTED AND IS CONCERNED THAT THE COUNCIL DECISIONS DO NOT ASSURE US THAT THE MEASURE WILL HAVE A TERMINATION DATE DESPITE REPEATED ASSURANCES BY COMMISSION OFFICIALS THAT IT WOULD BE TEMPORARY AND A ONE-TIME PROGRAM.

THE TEMPORARY SUBSIDY FOR PRIVATE STORAGE OF 250,000 METRIC TONS OF "CERTAIN PROTEIN PRODUCTS" DOES NOT IN THE US VIEW SIGNIFICANTLY DAMPEN THE EFFECT OF A NON-FAT DRY MILK MIXING REGULATION ON US TRADE. SINCE THE SUBSIDY WILL BE TEMPORARY, RELEASE OF THIS 250,000 METRIC-TON STOCK ONTO THE MARKET IN THE FUTURE WILL UNDOUBTEDLY HAVE AN ADVERSE IMPACT ON US EXPORT SALES OF SOYBEANS, CAKE AND MEAL AT THAT TIME. THE UNITED STATES CONSEQUENTLY INTENDS TO PURSUE THIS MATTER VIGOROUSLY UNDER THE GENERAL AGREEMENT ON TARIFFS AND TRADE.

END TEXT. HINTON

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Message Attributes

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Margaret P. Grafeld
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